



The Commonwealth of Massachusetts

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BAY STATE GAS COMPANY **D.T.E. 05-27**

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO THE COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to Bay State Gas Company ("Company") the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit one (1) copy of the responses to Caroline M. Bulger, Hearing Officer, seven (7) copies of the responses to A. John Sullivan, Rates and Revenue Requirement Division, and one (1) copy to Andreas Thanos.
8. In addition to filing, all non-proprietary responses should be submitted by e-mail to caroline.bulger@state.ma.us, dte.efiling@state.ma.us, and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

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| DTE 1-1 | Please reconcile the \$58,736 book cost of land appearing on Exh. BSG/JES-1, at 22, with the \$85,935 book cost of land shown on Exh. BSG/JES-1, Sch. JES-6, at 7. |
| DTE 1-2 | Refer to Exh. BSG/JES-1, at 40. Please provide the dollar amount of non-revenue-producing retirements completed by the end of the test year that have not been recognized in computing the Company’s test year-end plant in service. |
| DTE 1-3 | Please explain, in detail, the Company’s accounting procedure for retirements in progress. |
| DTE 1-4 | Refer to Exh. BSG/DGC-1, at 58-63. For each of the four Gas Technological Institute Operations Development (“OTD”) and Environmental Consortium Institute (“ECI”) programs, please explain why none of the test year research and development expenditures of \$310,000 was capitalized. |

- DTE 1-5 Refer to Exh. BSG/JES-1, at 42-43, and Exh. BSG/JES, Sch. JES-9, at 2. Please explain why none of the test year property tax expense of \$7,383,960 was allocated to non-utility operations.
- DTE 1-6 Refer to Exh. BSG/JES-1, at 43, and Exh. BSG/JES, Sch. JES-9, at 4. Please provide the derivation of total payroll taxable for social security tax purposes of 96.75 percent. As part of this response, provide any payroll tax returns (for example, the Company's Form 941) that support the Company's calculation.
- DTE 1-7 Refer to Exh. BSG/JES-1, at 46. Please explain the nature and amount of the temporary differences from 1992 associated with the Company's SFAS No. 109 net regulatory asset that must be updated.
- DTE 1-8 Refer to Exh. BSG/JES-1, Sch. JES-11, ln.11. Has the \$373,740 amortization of investment credit amount been adjusted to reflect the proposed revisions to the book depreciation useful lives? If the response is negative, please provide the necessary revisions.
- DTE 1-9 Refer to Exh. BSG/SAB-1, at 46. Will the pension and PBOP expenses incurred during the test year be recovered in base rates or through the proposed reconciling adjustment? If recovery of these expenses is intended through the reconciling adjustment, provide the period of time over which these expenses are sought to be recovered.
- DTE 1-10 Refer to Exh. BSG/SAB-1, at 48. Please provide the projected amount of qualified pension expense for the year 2005.
- DTE 1-11 Refer to Exh. BSG/SAB-1, at 49. Please confirm whether the additional minimum liability represents:
- (A) the sum of prepaid pension balances net of amounts deferred as unamortized prior service costs; or
 - (B) prepaid pension balances plus any under funding in the Company's qualified pension plan, net of applicable deferred income taxes.
- DTE 1-12 Refer to Exh. BSG/SAB-1, at 50. Please confirm whether the amount of the regulatory asset permitted under SFAS No. 71 is the difference between the net charge resulting from the establishment of the additional minimum liability ("AML") and the amounts included in rates, or the pre-tax charge resulting from the establishment of the AML.

- DTE 1-13 Refer to Exh. BSG/SAB-1, at 50. Please confirm whether the establishment of a regulatory asset for the Company's additional minimum liability would include prepaid pension and PBOP balances.
- DTE 1-14 Refer to Exh. BSG/SAB-1, at 50. Please explain, in detail, the \$7,514,027 (i.e., \$26,825,928 minus \$19,311,901) charge to the intangible asset account.
- DTE 1-15 Refer to Exh. BSG/SAB-1, at 50. Does the Company anticipate an additional minimum liability as of December 31, 2005?
- DTE 1-16 Refer to Exh. BSG/JAF 3-1, Tariff M.D.T.E. No. 37, §§ 5.01- 5.04. Please review and confirm the accuracy of the revisions to the current LDAC tariff that were made to recognize the proposed Pension and PBOP Expense Factor.
- DTE 1-17 Refer to Exh. BSG/JAF 3-1, Tariff M.D.T.E. No. 37, §§ 5.01- 5.04. Please explain in detail how the Company intends to recover prepaid pension and PBOP amounts through the proposed Pension and PBOP Expense Factor.
- DTE 1-18 Please provide a calculation showing the amount of the deficiency shown on Exh. BSG/JES-1, Workpaper JES-11, ln. 25, cols. 2 and 3 applicable to unreversed cumulative differences at the end of the test year.
- DTE 1-19 Refer to Exh. BSG/SHB-1, at 46. Please provide an account-by-account schedule of additions and retirements of Metscan meter reading equipment on an annual basis from the inception of the program to the end of the test year.
- DTE 1-20 Refer to Exh. BSG/SHB-1, at 50. Please provide a copy of the lease agreement for the Metscan meter reading equipment.
- DTE 1-21 Refer to Exh. BSG/SHB-1, at 50. Has the \$10,095,382 early termination payment associated with the Metscan meter reading devices been made? If so, provide the date or dates on which payment was made. If payment has not yet been made, provide the anticipated date when payment will be tendered?
- DTE 1-22 Refer to Exh. BSG/SHB-1, at 50-51. Please provide the meaning of the phrase "retired prematurely" as used in Mr. Bryant's prefiled testimony.
- DTE 1-23 Refer to Exh. BSG/SHB-1, at 51. Please provide the meaning of the phrase "extraordinary non-recurring expense" as used in Mr. Bryant's prefiled testimony.

- DTE 1-24 Refer to Exh. BSG/SHB-1, at 50-51. Is the Company aware of any cases in which the retirement of either Company-owned depreciable property or depreciable property owned by another Massachusetts utility was treated as an “extraordinary retirement” for accounting and rate making purposes? If so, provide a brief description of the equipment, its retirement, regulatory treatment, and Department case citation.
- DTE 1-25 Refer to Exh. BSG/SHB-1, at 50-51. If the Department were to determine that the retirement of the Company-owned Metscan devices is to be treated as an ordinary retirement, would the Company be able to recover its entire investment in that equipment?
- DTE 1-26 Refer to Exh. BSG/JES-1, Sch. JES-17, at 9. Please provide the basis for the inclusion of carrying costs from the in-service date of the plant additions associated with the steel infrastructure replacement program as part of the Steel Infrastructure Replacement Base Rate Adjustment, in light of the Department’s long-standing practice requiring utilities under its jurisdiction to stop accruing Allowance for Funds Used During Construction when plant is placed in service, as opposed to when the plant is included in rate base in a rate case.
- DTE 1-27 Refer to Exh. BSG/JES-1, Sch. JES-17, at 1. Please explain the proposed treatment to be accorded the retirement of steel mains and facilities resulting from the implementation of the steel infrastructure replacement program for purposes of computing the Steel Infrastructure Replacement Base Rate Adjustment.